

Briefs

Field Crops

U.S. Corn & Wheat Acreage Decline, While Soybean & Cotton Rise

Planted area for the eight major U.S. field crops (corn, soybeans, wheat, barley, sorghum, oats, cotton, and rice) is expected to total 249.9 million acres in 2001, an overall decline of nearly 5 million acres from last year, when prices were higher for most crops at planting time. Decreases in corn, oats, barley, and wheat area more than offset increases in sorghum, soybean, cotton, and rice. Acreage harvested for hay crops is expected to expand by almost 4 million, nearly balancing the decline for the major field crops.

Estimates of planted and harvested acreage in USDA's *Acreage* report are based on surveys conducted during the first 2 weeks of June. Compared with USDA's March 31 *Prospective Plantings* report, which indicated farmers' crop intentions for spring plantings in 2001, planted area is 4 percent higher for cotton and 5 percent higher for rice, but 2 percent lower for soybeans and 1 percent for corn.

Yield and harvested acreage for spring-planted crops will be influenced strongly by weather throughout the growing season. Normal weather would result in large output and weak farm prices for most U.S. field crops in 2001/02 (*AO* June-July 2001). However, if additional rainfall does not alleviate dry-weather conditions, crop potential could be reduced in the Plains states, the Gulf Coast region, and the southern Atlantic region.

Planting and fieldwork were ahead of normal this spring in the eastern Corn Belt as drier than usual weather occurred, while rain frequently interrupted progress in the northern and western Corn Belt. Row crop planting in the Upper Mississippi Valley and the northern Great Plains was also delayed this spring. Dry weather prevailed in the Southeast during most of the spring, allowing farmers to complete planting without delay. By mid-May, over 90 percent of U.S. corn acreage had been planted and, as corn planting neared com-

pletion, soybean planting accelerated. By the end of May, 80 percent of soybean acreage was planted, compared with 89 percent last year. However, persistent wetness in parts of Minnesota and Iowa prevented farmers from sowing all their intended acreage.

Several factors are behind the rise in **soybean** plantings this year, including planting delays for corn and a soybean loan rate (under the government nonrecourse marketing-assistance loan and loan deficiency payment program) that is favorable relative to other crops. Full planting flexibility under the 1996 Farm Act also has allowed U.S. soybean acreage to expand in response to strengthening demand over the last 5 years. U.S. farmers are expected to plant a record 75.4 million acres of soybeans in 2001, a 1-percent increase over last year's record. Planted acreage has increased steadily since 1990 when soybean planted area totaled 57.8 million acres. Farmers are likely to harvest 74.3 million acres, up 2 percent from 2000's record harvested acreage.

Estimated soybean acreage is likely to expand in the Great Plains, Upper Mississippi Valley, Great Lakes states, and Northeast, while declining across the south and southeast states. The largest acreage increases are expected in Illinois, North Dakota, and Iowa. States with large expected reductions include Mississippi, Arkansas, and Louisiana, which are likely to see more cotton acreage.

For **corn**, weaker price expectations and rising input costs are expected to reduce plantings in 2001 to an estimated 76.1 million acres, down 4 percent from last year. Corn acreage to be harvested for grain is estimated to decrease 5 percent to 69.3 million acres. Total corn acreage of the major producing states (IL, IN, IA, MN, NE, OH, WI), at 50.6 million acres, is expected to be 2 percent lower than last year, due in part to increased soybean plantings (*AO* May 2000). Of these states, Indiana will likely be the only one to

boost planted acreage from last year. Outside the Corn Belt, in South Dakota and Texas, corn acreage is expected to drop sharply from last year's high levels. USDA reported that 65 percent of the U.S. crop was in good or excellent condition as of July 16.

Barley plantings will likely be the smallest planted acreage since records began in 1926, decreasing 13 percent in 2001 to an estimated 5.1 million acres. The largest declines are expected in North Dakota and Montana because of extremely dry conditions. Most of the 2001 barley crop was planted by late May. As of mid-July, 57 percent of the crop was in good or excellent condition.

Total **wheat** acreage planted for harvest in 2001 is estimated at 59.6 million acres, 5 percent lower than last year. Compared with intentions in the March *Prospective Plantings* report, plantings are down 1 percent for total wheat, 12 percent for durum wheat, and 2 percent for other spring wheat. Producers plan to harvest about 49.3 million acres, a decline of 3.7 million from last year.

Wheat output is projected as the lowest since 1978.
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Sorghum plantings are expected to rise in 2001 to an estimated 9.7 million acres, up 6 percent from last year's record-low planted acreage. Kansas, the largest sorghum-producing state, will likely increase plantings 14 percent to 4 million acres, due in part to plantings on abandoned winter wheat land. Texas, with 2.9 million acres, is expected to report the largest reduction, a drop of 100,000 acres from 2000. Sorghum acreage harvested for grain in 2001, at an expected 8.9 million acres, will likely be up 15 percent from 2000.

For **cotton**, higher expected returns and changes in crop insurance are making the crop more attractive than competing corn and soybeans. Cotton plantings for 2001 are estimated at 16.3 million acres, up an expected 5 percent from 2000 and 4 percent above the March *Prospective Plantings* report. Larger expected acreage

in the Delta and southeastern states should more than offset declines in the southwest and western states. Prospects for a large U.S. crop have contributed to the recent rapid decline in cotton prices.

Texas, the largest cotton-producing state, completed most plantings by late June. In mid-July, 33 percent of the Texas crop was rated in good or excellent condition and 30 percent in fair condition. California's planting began in mid-March but was slowed by cool, wet weather in early April. Although some fields had to be replanted because of April storms, cotton development in California is near normal, with 100 percent of the crop in good or excellent condition as of mid-July.

Higher expected prices for long-grain *rice* are responsible for much of the anticipated

increase in rice acreage. Rice plantings for 2001 are estimated at almost 3.3 million acres, likely up 6 percent from 2000, with long-grain acreage up an estimated 19 percent. In contrast, combined short- and medium-grain plantings are expected down nearly 7 percent—with Arkansas likely accounting for the bulk of the decrease—due to weaker prices in 2000.

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Livestock, Dairy, & Poultry

U.S. Meat Exports To Grow Modestly

Modest growth in overall red meat and poultry exports is expected this year and in 2002. Beef and pork exports are likely to exhibit a mixed pattern, while broiler exports are expected to increase. Disease problems—bovine spongiform encephalopathy (BSE) and foot-and-mouth-disease (FMD)—in the European Union (EU) disrupted meat trade this year, but some EU countries have recently been designated FMD-free by major meat importers.

Since 1997, U.S. meat exports have grown at an average annual rate of about 4 percent, compared with double-digit growth in the previous 10 years. During the boom of the early 1990s, trade agreements made several meat markets more accessible—such as Korea, Japan, Mexico, and Canada—and many countries experienced increased income growth. Also, growth rates in the early 1990s were particularly noteworthy because they followed years of low exports.

Recent slower growth in meat exports can be traced to a healthy U.S. economy with consumers bidding to keep meat in the U.S., increased competition from other

meat exporting countries, and economic uncertainties in some key importing markets (Russia and Asia).

Despite a 2-percent decline in U.S. beef supplies and marginally higher prices, U.S. beef exports (primarily fed beef) are expected to rise about 4 percent in 2002, compared with a 5-percent decline in 2001. The increase is based on two factors: economic growth stimulating demand in major beef markets, and limited supplies from South America and the EU because of FMD and BSE considerations. Of the major exporting countries, only Canada is expected to have substantially higher supplies available for export next year.

U.S. beef imports (primarily processing beef) are on track to be up about 1 percent in 2001 and 2002 as cow slaughter continues to decline. Higher beef prices and the strong dollar will provide incentives for Australia and New Zealand to export to the U.S. Exports from Argentina and Uruguay will be limited due to FMD problems that preclude shipments of fresh/chilled and frozen beef.

Live cattle exports are expected to drop from the record 481,000 head in 2000 to 410,000 in 2001. Exports are expected to decline another 9 percent in 2002 as lower U.S. feeder cattle supplies and record high U.S. prices limit Canadian imports of feeder cattle. Canada, as a result of changes to the protocol of the Restricted Feeder Cattle Project (RFCP), has surpassed Mexico as the dominant market for exports of live cattle. RFCP was designed to allow export of U.S. feeder cattle from designated states to Canadian feedlots from mid-October through mid-March without unacceptable risk of carrying bluetongue and anaplasmosis.

After reaching the highest level in 5 years in 2000, cattle imports are likely to rise to 2.325 million head in 2001 and drop back to 2.175 million in 2002. Cattle imports have been quite variable historically, but increased 11 percent between 1996 and 2000. Growing imports from Mexico more than offset declining imports from Canada. Imports from Mexico are up because of increasingly attractive feeder cattle prices in the U.S. and genetic improvements in Mexican feeder cattle. Live cattle imports from Canada are down as changes in Canadian policy have encouraged cattle feeding, slaughter capacity has expanded, and Canada began rebuilding herds.

U.S. pork exports are forecast at roughly 1.44 billion pounds for this year and drop to 1.4 billion in 2002. Major U.S. export markets will continue to be Japan (50 percent), Mexico (20 percent), and Canada (10 percent).

The 2001 forecast for pork imports is 956 million pounds, down from 2000 because of the 10-week ban on imports from the EU due to the FMD outbreak. Resumption in imports from Denmark likely will boost imports in the second half of the year. U.S. pork imports are forecast at about 1 billion pounds in 2002.

The trend toward higher U.S. imports over the past 5 years is a reflection of the expanding Canadian pork industry and its growing integration with the U.S. industry. The integration is likely to continue, with Canada's share of U.S. imports eroding Denmark's share. In 2000, Canada accounted for 76 percent of U.S. pork